

STATEMENT OF SENATOR JOHN McCAIN
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COMMERCE, SCIENCE, AND TRANSPORTATION
COMMUNICATIONS SUBCOMMITTEE HEARING ON

APRIL 13, 1999

Good morning. I would like to thank all of our witnesses for appearing today at this hearing on the future of Internet access and the consumer. The purpose of this hearing is to examine how to facilitate the deployment of faster, higher-speed Internet access services -- and how to ensure that these benefits are extended to all American consumers.

The new Internet economy is creating unprecedented prosperity for Americans. Information technology now accounts for more than one third of our economic growth. And it has been estimated that broadband services, once deployed, will grow to a \$150 billion a year market. Moreover, the potential benefits of broadband Internet applications are well known: e-commerce, advanced interactive instructional capabilities, telemedicine, telecommuting, and video on demand, just to name a few.

It is important to ensure that the enormous benefits of advanced telecommunications services are accessible to *all* Americans, regardless of where they live, what they do, or how much they earn. High-speed data service finally gives us the chance to assure that all people really *are* given a fair shake in terms of economic, social, and educational development. In that sense advanced telecommunications has the potential to be a great equalizer, eliminating the disadvantages of location and socioeconomic status that resulted from the Industrial Revolution. Unless *all* consumers have access to these services, however, Industrial Age disadvantages will perpetuate themselves in the Information Age.

First, let me provide a brief context for today's hearing.

Both cable companies and telephone companies are rushing to install updated technologies for faster access to advanced telecommunications networks. Cable companies are developing cable modems, which provide high speed Internet access on the same cable as a consumer's cable TV service.

Cable modem service, however, is bundled with the cable companies' own Internet portal service, so that access to other Internet service providers is more limited and costs more.

Competing Internet service providers, led by America Online, argue that the inability of cable modem subscribers to select the Internet portal of their choice is anti-competitive and a threat to their future viability. Their solution is for cable companies to be forced to open their networks and be subject to non-discriminatory access obligations for the last mile of cable to the home.

The telephone companies' version of high-speed Internet access provided by is Digital Subscriber

Line, or DSL. DSL uses existing copper telephone lines to transmit data from the Internet to your home or office at extremely high speeds. Consumers can also receive traditional voice telephone service through the same line used for DSL and can use both services at the same time.

Unlike cable modem service, DSL service gives its subscribers open access to any of the multiple Internet Service Providers that use the telephone DSL network. However, although local telephone lines reach the vast majority of residential consumers, the telephone companies argue that current federal regulation hinders their ability to fully deploy DSL, especially in rural areas.

High-speed Internet access is only available to about 2 percent of all American households today. Given the huge investments necessary to build these networks, there is growing concern that rural and disadvantaged areas will lag behind the rest of the country in having access to advanced Internet-based technology.

This brings us to the two questions we will examine at this hearing.

The *first* question is, what problems might result from the fact that cable modem service only gives its subscribers *limited* choice in accessing a high-speed Internet service provider?

The *second* question is, what problems might result from the fact that 98 percent of residential consumers have *no* high-speed Internet access *at all*, and that rural and low-income consumers may get it significantly later than their urban, higher-income counterparts?

This second question is particularly troubling to me. Wireless technologies like satellite and microwave communications will *ultimately* provide ubiquitous high-speed data service. But “*ultimately*” won’t erase the disadvantages that will accrue *in the interim* if the benefits of advanced data service flow to urbanized, higher-income areas *first*.

Today I hope to gain an insight on what must be done to assure that all Americans will have timely access to advanced telecommunications services.

CLOSING STATEMENT

I would like to thank all our panel of distinguished witnesses for being here today.

As their testimony shows, these are complex, yet crucial, issues. They demand careful consideration and, in my judgment, further examination.

The Commerce Committee will meet again on April 21 to develop more insight on these issues. After that hearing, I will introduce legislation that will require NTIA, in collaboration with the FCC, to analyze the facts and the issues involved in the ongoing deployment of advanced broadband data networks, especially in rural and low-income areas, and jointly report their findings to us.

To realize our full potential as individuals and as a nation, we must assure that the benefits of advanced broadband technology are available to everyone. I intend to do everything I can to make sure that the *promise* of advanced telecommunications becomes a *reality* for all of us.